

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Southern California Edison Company's)	
Application for Approval of Embedded Energy)	Application 07-01-024
Efficiency Pilot Programs for 2007-2008.)	(Filed January 16, 2007)
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)	
And Related Matters.)	Application 07-01-026
)	Application 07-01-029
)	Application 07-01-030
)	(Filed January 16, 2007)
_____)	

**COMMENTS OF CALIFORNIA WATER ASSOCIATION
ON THE PROPOSED DECISION OF ALJ WEISSMAN**

Pursuant to Rule 77.7(b) of the Commission's Rules of Practice and Procedure, California Water Association ("CWA") hereby submits its opening comments on the Proposed Decision of ALJ Weissman, ("ORDER APPROVING PILOT WATER CONSERVATION PROGRAMS WITHIN THE ENERGY UTILITIES' ENERGY EFFICIENCY PROGRAMS"), which was mailed to the parties on November 15, 2007. CWA is a trade association comprising many of the investor-owned water utilities regulated by the Commission, and it has appeared before this Commission on many occasions to address policy matters affecting the investor-owned water utility industry in California. That is the purpose of CWA's present comments on the Proposed Decision ("PD") of ALJ Weissman. In particular, CWA wishes to encourage the Commission to make a place for Commission-regulated, investor-owned water utilities in the development of energy efficiency programs for the water service industry by directing the

energy utilities, in the final decision adopted by the Commission, to enter into similar pilot programs with Commission-regulated water utilities.

The Proposed Decision notes that, because it envisions program and study modifications that parties have not had an opportunity to address, comments will be allowed to go more broadly to the merits of the Proposed Decision. PD, at 85-86. Accordingly, CWA takes this opportunity to offer comments that do not identify any legal or factual error in the Proposed Decision, but instead point out what CWA and its water utility members respectfully submit is a deficiency in the scope of the planned pilot projects – their failure to include any partnering by the energy utilities with any of California’s investor-owned water utilities.

The Proposed Decision would approve one-year pilot programs for the four largest regulated energy utilities through which they will develop partnerships with wholesale public water agencies to undertake specific water conservation programs and measure the results, while also funding studies to understand more accurately the relationship between water savings and the reduction of energy use, and the extent to which those reductions would vary for different water agencies. PD, at 3. The Proposed Decision notes, “with some disappointment,” that none of the energy utilities proposed programs involving improvements to the efficiency of water delivery and treatment systems. The Proposed Decision states an expectation that the energy utilities will design programs to address this issue as part of their planning for 2009-1011. PD, at 33 n. 12.

The Proposed Decision also notes that, in directing the energy utilities to file proposals for pilot programs, the Assigned Commissioner suggested that they aim for developing a statewide budget of approximately \$10 million. PD, at 37. Initially, the

utility proposals closely approached the \$10 million figure, but the utilities later trimmed their proposed programs to slightly less than \$7 million. *Id.* The Proposed Decision does some further trimming, proposing to approve a set of pilot programs, evaluations, and studies estimated to entail costs of just over \$6 million. PD, at 5.

CWA submits that both the problem of the failure of the pilot programs to address improvements to the efficiency of water delivery and treatment systems and the problem of the pilot programs involving only \$6 million of a recommended \$10 million for such pilot programs can be remedied by the Commission directing the energy utilities to enter into pilot programs with Commission-regulated water utilities involving improvements to the efficiency of water delivery and treatment systems. At least two Class A water companies – San Jose Water Company and California Water Service Company – have identified such programs and are willing and able to partner with one or more of the energy utilities.

In the case of San Jose Water Company (“SJWC”), the company has identified at least three projects involving improvements to the efficiency of water delivery and treatment systems:

1. SJWC conducted research on hydro-generators for its Lake Elsin water supply and nine separate related turnouts. SJWC selected a 225 kilowatt (kW) unit for Lake Elsin and a 10 kW unit for each of the turnouts. The 225 kW generator could produce 588,000 kilowatt-hours (kWh) annually. In addition, the nine hydro-generators at the turnouts could produce 558,000 kWh annually. Capital cost for the hydro-turbine at Lake Elsin would be approximately \$1,000,000, with a 20-year payback. Capital cost for a hydro-turbine at each of the nine turnouts would be \$100,000 (\$900,000 total) with an 18-year payback. If a state energy rebate and federal and tax credit are secured, the paybacks could possibly be cut significantly.
2. SJWC also has considered as a pilot project the installation of a variable speed drive (“VSD”) on two production well pumps to evaluate the annual

energy savings related to the VSD. Two candidate wells have been identified with an estimated capital cost of \$35,000 for each well.

3. Last year, SJWC has investigated the installation of photovoltaic systems (PVS) at several locations. Subsequently, the company installed a 75 kW solar system at its Columbine Station at a cost of \$900,000, with anticipated annual energy savings of 132 million kWh. Payback is estimated at 25 years or less. The company also received recommendations that additional PV systems be installed at four additional sites: (a) the Almaden Valley Station (a 166 kW system saving 291 million kWh at a capital cost of \$2 million), (b) the Cox Station (a 233 kW system saving 408 million kWh annually at a capital cost of \$2.8 million), and (c) the Miguelito Station (a 212 kW system saving 366 million kWh annually at a capital cost of \$2.55 million).

Similarly, California Water Service Company (“CWS”) has identified both specific capital projects and also conceptual projects that would address improvements to the efficiency of water delivery and treatment systems:

1. In CWS’ Palos Verde District, the company has considered the installation of approximately 5,000 feet of 24” pipe and 6,600 feet of 20” pipe to supply the 1190 zone directly versus transporting water to and through the higher pressure 1465 zone. The estimated energy savings is approximately 1,234 megawatts annually. The estimated construction cost is \$2.5 million.

2. Also in its Palos Verde District, CWS has considered installation of an energy recovery device at Station 37. The anticipated construction cost is estimated at \$750,000. The energy recovery estimate is 1,800 megawatts per year.

3. In CWS’ Bakersfield District, the company has considered installation of an energy recovery device at a supply point from the 590 zone to the 520 zone. The anticipated cost is estimated at \$500,000. The energy recovery estimate is 145 megawatts per year.

4. CWS also has identified several conceptual projects that would address improvements to the efficiency of water delivery, including (a) infrastructure projects that provide an ongoing reduction in energy usage but whose annual energy cost savings do not equal the average annual revenue requirement, thus making the project non-revenue neutral, including, but are not limited to gravity storage to allow for load shifting from peak demand periods, infrastructure to eliminate double pumping at ground level storage facilities, etc., (b) optimization studies that utilize hydraulic models to identify capital infrastructure and/or optimize pump operation schedules to achieve energy savings, and (c) performance of studies to determine the relationship between

a distribution's system pressure and customer demand (since a system's energy use is directly related to the pumping required to provide specified service levels) and whether these service levels can be optimized to provide critical service needs (e.g., fire protection) while minimizing energy consumption to meet customer demand.

In addition to these two Class A water companies, the Commission's Division of Water and Audits has discussed VSD pilot programs with three Class B water companies – Alco Water Company, Del Oro Water Company, and East Pasadena Water Company – all of which could enter into partnerships with PG&E or Southern California Edison, as applicable.

The PD references the Commission's adoption of the Water Action Plan and the Plan's objective of strengthening water conservation programs to a level comparable to energy efficiency achieved by the Commission-regulated energy utilities. PD, at 2. More specifically, CWA notes that one of the methods specifically identified in the Water Action Plan to achieve this objective is for the Commission and the water utilities to “work toward a 10% reduction in energy consumption by the utilities over the next three years.” Water Action Plan, at 10.

Directing the energy utilities to enter into pilot programs with the investor-owned water utilities and evaluate their effectiveness – utilizing the almost \$4 million out of the originally recommended \$10 million not used by the pilot programs the PD would approve – would significantly contribute to the energy reduction objectives set forth in the Commission's Water Action Plan. CWA urges the Commission to revise ALJ Weissman's PD to include provisions for the partnering of the energy utilities with the Commission-regulated water utilities for energy efficiency pilot programs.

CONCLUSION

For all of the reasons discussed above, CWA urges the Commission to adopt the Proposed Decision of ALJ Weissman with the revisions discussed herein, namely, that the four energy utilities whose pilot programs with publicly-owned water utilities for the conservation of water and the energy efficiency of water use the PD would approve be directed to enter into similar pilot programs with at least two or more of the Commission-regulated water utilities.

DATED: December 5, 2007

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Jeannie Wong, hereby certify that on this date I will serve the foregoing
COMMENTS OF CALIFORNIA WATER ASSOCIATION ON THE PROPOSED
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for Application No. 07-01-024 *et al.*:

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Executed this 5th day of December, 2007 in San Francisco, California.

/S/ JEANNIE WONG

Jeannie Wong